

AMENDMENT TO OIL AND GAS LEASE

THIS AMENDMENT TO OIL AND GAS LEASE ("Amendment") is made and entered into this ____ day of June, 2008, between Dewey Eugene Cozart and Wilma Louise Cozart Fine (collectively, "Lessor") and Canan Operating, Inc., a Texas corporation ("Lessee").

RECITALS:

A. Lessor and Lessee are the parties, or successors in interest to the parties, to that certain Oil and Gas Lease (the "Lease") dated as of December 1, 2002, between Lessor and Lessee, recorded as Document Number D202370791 of the Official Records of Tarrant County, Texas.

B. Lessor and Lessee desire to amend the Lease in certain respects as hereinafter provided.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the legal sufficiency of which is hereby acknowledged, Lessor and Lessee agree as follows:

1. **Defined Terms.** Unless specifically indicated otherwise herein, capitalized terms in this Amendment shall have the same respective meanings as are ascribed to them in the Lease.

2. **Royalty.** The Royalties payable under the Lease on production from the existing well are increased from 15% to 17%, effective as of 7:00 a.m. April 1, 2008. The Royalties payable on production from all additional wells shall be 20.0%.

3. **Proration Units/Retained Acreage.** Lessor and Lessee hereby delete subsections (c) and (d) of Section 7 of the Lease and replace them with the following:

(a) For any well completed above the base of the Barnett Shale formation, the proration unit shall not exceed 40 acres, except that as to a horizontal well of at least 2000' in length the proration unit shall not exceed 160 acres; and the proration unit for any well completed below the base of the Barnett Shale well shall not exceed the minimum acreage prescribed by the Railroad Commission of Texas for a full allowable.

(b) The proration units for wells completed below the base of the Barnett Shale formation shall be configured in a manner so as to allow the creation of the maximum number of proration units out of the land covered by this Lease, and the proration units for wells completed above the base of the Barnett Shale formation shall be configured so as to allow the maximum number of horizontal wells.

4. **Acreage.** If Lessor and Lessee should hereafter determine and mutually agree in writing that Lessor owns any presently unleased minerals under any roads or highways contiguous to the Land, then Lessor and Lessee agree that the same will be covered by this Lease, subject to Lessee's payment to Lessor of an additional bonus of \$15,000.00 per net mineral acre.

5. **Ratification.** Lessor and Lessee hereby ratify, confirm, and adopt the Lease, as modified hereby, and Lessor hereby leases, lets, and demises the entirety of the premises covered by the Lease unto Lessee on the terms and conditions set forth in the Lease, as modified by this Amendment.

EXECUTED by the parties as of the day and year first above written.

LESSOR:

DEWEY EUGENE COZART

Wilma L. C. Fine
WILMA LOUISE COZART FINE

LESSEE:

CANAN OPERATING, INC.

By: Patricia A. Canan
Printed Name: PATRICK A. CANAN
Title: PRESIDENT

227088.1

ACKNOWLEDGMENTS

STATE OF TEXAS §
 §
COUNTY OF TARRANT §

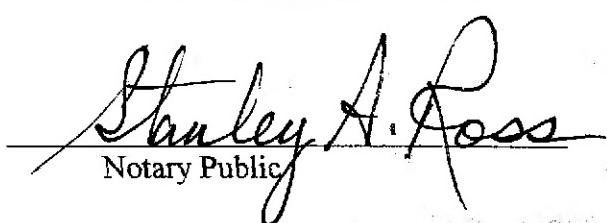
This instrument was acknowledged before me on the _____ day of May, 2008, by Dewey Eugene Cozart.

Notary Public, State of Texas

STATE OF NEW YORK §
 §
COUNTY OF WESTCHESTER §

This instrument was acknowledged before me on the 4th day of ^{JULY} May, 2008, by Wilma Louise Cozart Fine.

STANLEY A. ROSS
Notary Public, State of New York
No. 4825805
Qualified in Westchester County
Commission Expires March 7, 2009



Stanley A. Ross
Notary Public

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____ 2008, by _____ of CANAN Operating, Inc., a Texas corporation, on behalf of said corporation.

Notary Public, State of Texas

AFTER RECORDING, PLEASE RETURN TO:
CANAN OPERATING, INC.
P O BOX 9289
WICHITA FALLS TX 76308



CANAN OPERATING INC
P O BOX 9289

WICHITA FALLS TX 76308

Submitter: CANAN OPERATING INC

SUZANNE HENDERSON
TARRANT COUNTY CLERK
TARRANT COUNTY COURTHOUSE
100 WEST WEATHERFORD
FORT WORTH, TX 76196-0401

DO NOT DESTROY
WARNING - THIS IS PART OF THE OFFICIAL RECORD.

Filed For Registration: 07/23/2008 12:02 PM
Instrument #: D208286603
OPR 4 PGS \$24.00

By: _____



D208286603

ANY PROVISION WHICH RESTRICTS THE SALE, RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR
RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.

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